

Message Text

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SUBJECT: MEETING OF COMMERCIAL ACTION PROGRAM (CAP) TASK

FORCE, MARCH 29, 1974

1. THE MEETING OPENED WITH AN ANNOUNCEMENT THAT PRELIMINARY CENTRAL BANK DATA FOR THE FIRST 10 MONTHS OF 1973 SHOW THE U.S. SHARE OF NICARAGUAN IMPORTS TO HAVE RISEN TO 36 PERCENT, AS COMPARED TO 31.6 PERCENT FOR ALL OF 1972.

2. A SAMPLE OF INTRA-CITY BUS COMPANIES AND BUS DEALERS WAS VISITED IN MARCH. (OBJECTIVE 1, APRIL 2). THE DEALERS REPORTED THAT THE MARKET FOR NEW BUSES AVERAGE 150 TO 200 UNITS PER YEAR, BUT THEY SAW LITTLE PROSPECT FOR INCREASING THE MARKET. THE BUS OWNERS, ON THE OTHER HAND, WERE ENTHUSIASTIC ABOUT BUYING MORE NEW UNITS IF THE COST COULD BE REDUCED AN/OR CREDIT TERMS IMPROVED. (FINANCING IS DONE BY THE DEALERS ON TERMS OF 13 PERCENT ANNUALLY FOR THREE YEARS.) FROM THE RESPONSES OF THE OWNERS, WE ESTIMATE THAT IF TARIFFS WERE SUSPENDED FOR ONE YEAR, PERHAPS 50 ADDITIONAL NEW UNITS WOULD BE SOLD.

3. ALL NEW BUSES SOLD IN NICARAGUA ARE ASSEMBLED IN GUATEMALA

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(BLUEBIRD) AND EL SALVADOR (SUPERIOR). THESE PLANTS IMPORT

CHASSIS FROM THE U.S., GREAT BRITAIN AND JAPAN AND ASSEMBLE AND ADD THE BODY. FOR BUSSES THUS ASSEMBLED, THE DUTIES ARE 2 U.S. CENTS PER KILOGRAM PLUS 15 PERCENT AD VALORUM FOR THE CHASSIS AND 24.5 PERCENT AD VALORUM ON THE BODY. FOR NEW BUSSES IMPORTED DIRECTLY FROM OUTSIDE THE CACM, THE DUTIES ARE 27 PERCENT AD VALORUM. THE RESULTING PRICE FOR A CACM ASSEMBLED BUS OF 60 PASSENGER CAPACITY IS U.S. \$18,800 COMPARED TO U.S. \$25,000 FOR A FULLY ASSEMBLE EQUIVALENT FROM THE U.S. (NOTE: THE U.S. MANUFACTURED COMPONENT OF CACM ASSEMBLED VEHICLES APPEARS IN NICARAGUAN IMPORT DATA AS U.S. ORIGIN.)

4. IN 1974, THE POLICE ARE RESPONSIBLE FOR ENFORCING MINIMUM SAFETY STANDARDS ON PUBLIC TRANSPORT VEHICLES. IN ADDITION TO THE PRIMARY EFFECT OF IMPROVING THE CHANCES OF SURVIVAL FOR USERS OF THE BUS SYSTEM, WE NOTE A POTENTIAL SECONDARY COMMERCIAL EFFECT THAT SOME OWNERS MIGHT FIND IT MORE ECONOMICAL TO PURCHASE NEW UNITS RATHER THAN TRY TO UPGRADE THE WORN OUT OLD EQUIPMENT. THE PUBLIC SAFETY ADVISOR REPORTS THAT THIS PROGRAM COULD BE IMPROVED IN A NUMBER OF WAYS.

5. OUR CONCLUSIONS FROM THE TRANSPORTATION SURVEY ARE (A) THAT WE SHOULD CONTINUE TO URGE THE GON TO SUSPEND CACM DUTIES ON BUSSES FOR ONE YEAR IF POSSIBLE, AND (B) ENCOURAGE THE POLICE, THROUGH THE PUBLIC SAFETY ADVISOR AND OTHER CONTACTS AS APPROPRIATE, TO UPGRADE AND GIVE PRIORITY TO THE PUBLIC TRANSPORTATION SAFETY PROGRAM.

6. WE HAVE BEGUN TO CONTACT FOOD PROCESSING EQUIPMENT USERS (OBJECTIVE 2, ACTION 3) TO DETERMINE THEIR PURCHASING PLANS. WE HAVE ALSO JUST RECEIVED FINAL DETAILED GON TRADE DATA FOR 1972, WHICH WILL ENABLE US TO COMPLETE A REPORT BY THE END OF APRIL.

7. ORDERS FOR ALL THE BOOKS WHICH WE REQUESTED IN FEBRUARY FOR THE COMMERCIAL LIBRARY (OBJECTIVE 5, ACTION1) WERE SENT IN MARCH. THE STATE DEPARTMENT LIBRARY RESEARCH SERVICE RESPONDED VERY PROPTLY TO OUR REQUEST FOR A NUMBER OF ADDRESSES OF REFERENCE BOOK PUBLISHERS, AS A RESULT, WE HAVE PLACED A REQUISITION FOR AN ADDITIONAL 4 REFERENCE BOOKS WORTH \$100. BOOKSHELVES FOR THE LIBRARY WERE COMPLETED DURING THE LAST WEEK

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OF MARCH AND ARE TO BE INSTALLED IN EARLY APRIL.

8. WE LEARN INFORMALLY THAT THE GON IS NOT PRESENTLY PREPARED TO CHANGE THE STRUCTURE OF TARIFF RATES ON AUTOMOBILES, AS WE HAD URGED (OBJECTIVE 1, ACTION 1). HOWEVER, WE ALSO LEARNED OF A PROPOSAL BY THE ADUANAS TO INTRODUCE SIMILAR DISCRIMINATION AGAINST MORE EXPENSIVE 4-WHEEL DRIVE, JEEP-TYPE VEHICLES WHICH WOULD BE DETRIMENTAL TO OUR GROWING

SALES OF INTERNATIONAL SCOUTS AND CHEVROLET BLAZERS AND CHEYENNES. WE MADE INFORMAL REPRESENTATIONS AGAINST THIS CHANGE AND HAVE INFORMAL ASSURANCES THAT IT WILL NOT BE ADOPTED. WE WILL CONTINUE TO URGE A CHANGE IN THE AUTOMOBILE TARIFFS.

9. WE HAVE CONTINUED TO ADD TO OUR BRIEFING MATERIAL (OBJECTIVE 5, ACTION 2). FIFTY COPIES OF THE ECONOMIC TRENDS REPORT WERE RECEIVED MARCH 1. WE FIND THIS REPORT ESPECIALLY USEFUL AND ESTIMATE THAT IT SAVES AN AVERAGE OF 15 MINUTES PER BUSINESS VISITOR. WE HAVE ALREADY USED MORE THAN 30 COPIES AND HAVE ASKED FOR 150 MORE. ALSO IN MARCH, THE COMMERCIAL SECTION UPDATED THE LAWYER LIST AND COMPILED A LIST OF CERTIFIED PUBLIC ACCOUNTANTS.

10. WE HAVE NOT RECEIVED MATERIALS YET FOR THE APRIL NEW YORK PACKING INDUSTRY SHOW; THEREFORE, WE WILL CONCENTRATE OUR EFFORT ON THE SHOW AT THE U.S. TRADE CENTER IN MEXICO IN MAY. SHELTON

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